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NSC BRIEFING

FALL OF FINNISH CABINET

25X1

- I. Finland's five-party coalition government, headed by Social Democrat Fagerholm, fell on 4 December following a prolonged period of Soviet pressure.
 - A. USSR accused Fagerholm government of being "rightist" and pro-Western, and had strongly criticized several cabinet ministers.
 1. Moscow was apparently concerned that Finns were moving toward closer economic relations with the West.
 - B. Moscow also miffed that Communist-front Finnish People's Democratic League (SKDL) was not included in the government formed after the July parliamentary elections. (With 50 out of 200 seats, SKDL is largest party in parliament.)
- II. USSR applied strong economic pressure to topple the Fagerholm government.
 - A. Moscow stalled on negotiations for a 1959 trade agreement.
 - B. USSR cancelled orders with several important Finnish concerns.
 1. The Finnish foreign ministry estimated that Soviet cutbacks in purchases and postponements of advanced payments total almost \$6,000,000.
 - C. USSR refused to ship any more crude oil to Finland beyond that already sent under the 1958 trade agreement.
- III. Finland could do little other than trim sails to Soviet pressure.
 - A. Responsible Finnish officials emphasize that maintenance of good relations with Moscow is the premise of Finland's foreign policy.

IV. Fall of Fagerholm government presents Communist-front SKDL with best opportunity since 1948 to demand inclusion in new government. (Commies have been out since 1948.)

- A. Communists to sponsor "mass demonstrations" in Helsinki next Tuesday (9 Dec) to support demand for inclusion.**
- B. President Kekkonen believed to favor a new cabinet of all non-Communist parties, except regular Social Democrats, many of whose leaders are distrusted by Moscow.**
- C. Such a coalition might not satisfy Moscow, however, and there is possibility that new government may include representatives of the Communist-front party.**